

Exhibit A-4

IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF TEXAS
SAN ANTONIO DIVISION

SECURITIES AND EXCHANGE)
COMMISSION,)

Plaintiff,)

-against-)

ROBERT J. MUELLER,)
DEEPROOT FUNDS, LLC)
(a/k/a dprt Funds,)
LLC), AND POLICY)
SERVICES, INC.,)

Defendants.)

-and-)

CIVIL ACTION NO.
5:21-cv-785-XR

DEEPROOT TECH LLC,)
DEEPROOT PINBALL LLC,)
DEEPROOT STUDIOS LLC,)
DEEPROOT SPORTS &)
ENTERTAINMENT LLC,)
DEEPROOT RE 12621)
SILICON DR LLC, AND)
ROBERT J. MUELLER,)
JEFFREY L. MUELLER, AND)
BELINDA G. BREEN, AS)
CO-TRUSTEES OF THE MB)
HALE OHANA REVOCABLE)
TRUST,)

Relief Defendants.)

REMOTE ORAL AND VIDEOTAPED DEPOSITION OF
KEN ABRAMSON
JUNE 15, 2023

1 REMOTE ORAL AND VIDEOTAPED DEPOSITION of KEN
2 ABRAMSON, produced as a witness at the instance of the
3 Defendants, and duly sworn, was taken in the
4 above-styled and numbered cause on June 15, 2023, from
5 9:30 a.m. to 3:55 p.m., before Heather L. Garza, CSR,
6 RPR, in and for the State of Texas, recorded by
7 machine shorthand, at the offices of HEATHER L. GARZA,
8 CSR, RPR, The Woodlands, Texas, pursuant to the
9 Federal Rules of Civil Procedure and the provisions
10 stated on the record or attached hereto; signature
11 having been waived.
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1 Wildman, is that -- were you handling the same sorts
2 of clients?

3 A. Basically, yes. So the way our firm was
4 structured, I kind of had my clients, he kind of had
5 his clients, and we operated under one umbrella, but
6 we kind of managed the clients separately.

7 Q. What was -- I mean, would you characterize
8 Policy Services as a small business?

9 A. When it started, yes.

10 Q. When you stopped working with Policy
11 Services, would you still call it a small business?

12 MS. WARDEN: Objection as to form.

13 A. I would say small to medium.

14 Q. (BY MR. HULINGS) Okay. And what's your
15 definition of -- how are you evaluating the size in
16 this context?

17 A. Usually revenues. Revenues or volume of
18 work, one of the two.

19 Q. Okay. All right. So trying to sum this up,
20 you've been in the accounting profession since
21 approximately 1982; is that right?

22 A. Correct. About 30 something years, yes.

23 Q. And you've got a degree in accounting, and
24 you've passed your -- received your CPA, and you've
25 taken regular continuing education every year,

1 correct?

2 A. That's correct.

3 Q. And you've worked with clients of all kinds
4 over your career; is that right?

5 MS. WARDEN: Objection; form.

6 A. That's correct.

7 Q. (BY MR. HULINGS) And is it fair to say you
8 developed some expertise in the tax laws; is that
9 fair?

10 A. To a degree, yes.

11 Q. And -- and some expertise in -- you've
12 developed some expertise in the preparation of
13 financial statements?

14 A. I did at one time, yes.

15 Q. Okay. And is it fair to say you developed
16 some expertise in the application of accounting
17 principles to how a company maintains its books and
18 records; is that correct?

19 MS. WARDEN: Objection; vague as to
20 expertise.

21 Q. (BY MR. HULINGS) You can answer.

22 A. Yes.

23 Q. Do you understand what the term "expertise"
24 means?

25 A. Yes.

1 **Q. What's your definition of "expertise," just**
2 **to clear up the record?**

3 A. I would say it's -- it's knowing the
4 principles and regulations, the rules effectively, and
5 applying them to the situation at hand.

6 **Q. Okay. Clean up one thing. So when you split**
7 **from Wildman in 2016, what was the reason for the**
8 **split?**

9 A. I was having issues with his maintaining his
10 licensing.

11 **Q. Explain why that led to splitting the**
12 **business up.**

13 A. If he's not licensed, he's not supposed to be
14 holding himself out as a CPA, and he was.

15 **Q. Okay.**

16 A. That puts potential burden on me, and I
17 didn't want it.

18 **Q. All right. Okay. When did you first meet**
19 **Russ Hagan?**

20 A. Let's see. 2013 -- I would say somewhere
21 around 2009/2010.

22 **Q. And how did you meet him?**

23 A. We were introduced by a acquaintance, I guess
24 you would say, who did corporate incorporations.

25 **Q. So was that an acquaintance an attorney?**

1 **2014 for Policy Services?**

2 A. I believe I did, but I didn't have it when
3 the SEC asked for it.

4 **Q. Okay. Let's go through that. We'll go back**
5 **to that in a second. Can you describe the process you**
6 **go through to -- that -- let me rephrase.**

7 **Can you describe the process you went to --**
8 **went through to prepare the 2014 tax return for Policy**
9 **Services?**

10 A. Sure. I would have obtained the QuickBooks
11 file from either Russ, Robert, or Charlotte. I would
12 have gone through the file to look for anything that
13 was not considered reasonable under the tax code, and
14 then I would have prepared the returns. I would have
15 sent a draft to -- I should have sent it to both
16 Robert and Russ for review, and then there would have
17 been -- I would have also sent at that time e-file
18 authorization forms, and if there were no questions on
19 the return, the client then signs the authorizations,
20 send them back to me, and then I file the returns
21 electronically.

22 **Q. All right. And you mentioned that accounting**
23 **records from Policy Services, is that the general**
24 **ledger?**

25 A. That would include the general ledger, yes.

1 **Q. What else would be included in that?**

2 A. Well, the QuickBooks file would have the
3 general ledger. It would have any journal entries
4 that were made. It would have the -- I guess the cash
5 receipts and cash disbursements journals. It can
6 produce financial statements, so it's a complete
7 accounting software package.

8 **Q. So you -- you got access to the QuickBooks**
9 **software?**

10 A. Correct.

11 **Q. So they didn't provide you with paper**
12 **versions of the QuickBooks --**

13 A. No. No, no, no.

14 **Q. And when you mentioned you were looking for**
15 **anything that was not considered, is it normal or --**

16 A. I would say reasonable.

17 **Q. Reasonable. What would be an example of**
18 **something that was not reasonable under accounting**
19 **principles?**

20 A. One recollection was when they were opening
21 their offices, there were improvements made to the
22 office space that they coded as expenses. Those are
23 not expensed. Those are capitalized and depreciated
24 over a period of time.

25 **Q. So you gave them -- so what did you do when**

1 **signed engagement letter returned?**

2 A. At the start of the engagement, that's
3 correct.

4 **Q. All right.**

5 A. I may have gotten it after the fact.

6 **Q. Okay. So Page 2, what is this document?**

7 A. So because Policy Services is the filing
8 entity but it owned two of the LLCs, Deeproot Advisory
9 Services, and Deeproot Funds for tax purposes, they
10 get combined into one tax return filing, so that is
11 the combination of those entities activity into the
12 numbers that were then used on the tax return, and
13 that's part of that accounting time that you see.

14 **Q. So this is a balance sheet, though?**

15 A. Correct.

16 **Q. And generally speaking, for people who aren't**
17 **in accounting, what's a balance sheet?**

18 A. A balance sheet is a picture as of a specific
19 date, in this instance, December 31 of 2014, of the
20 assets, liabilities, and equity of the company.

21 **Q. How was this particular balance sheet**
22 **generated?**

23 A. Through QuickBooks. Each of those entities
24 had a separate QuickBooks file that was maintained and
25 then the balance sheet for each entity was effectively

1 obtained through each QuickBooks file, and then this
2 Excel file combined those by just moving all the
3 digits in and then adding across.

4 **Q. Did you create this document?**

5 A. Yes.

6 **Q. You say each entity had its own QuickBooks**
7 **file. Is it the entities at the columns that say,**
8 **"Policy Services, DPRT Advisory Services and**
9 **Consolidated DPRT Funds"?**

10 A. Yes.

11 **Q. What about the entities on the left?**

12 A. So those --

13 **Q. Three-year bonus reset and the others**
14 **identified in that first column?**

15 A. Yeah. So those would have all had -- yes.
16 Those would have all had separate files and some of
17 those are actually part of that consolidated Deeproot
18 Funds, so there was multi-tiering in the ownership.
19 Policy Services owned Deeproot Funds, LLC, Deeproot
20 Funds, LLC owned some of those entities that you see
21 on the left column.

22 **Q. Did you have to do separate tax returns for**
23 **those entities owned by Policy Services?**

24 A. No.

25 **Q. Just -- just for the parent entity, correct?**

1 A. Just -- correct.

2 Q. So there's some notes on the right and at the
3 bottom. Whose notes are those?

4 A. Notes on the right?

5 Q. Handwritten markings on the right and at the
6 bottom.

7 A. Okay. The right, if you're just referring to
8 those, that's where I was combining multiple accounts
9 to show one number on the tax return.

10 Q. So that's your handwriting?

11 A. I'm sorry?

12 Q. So that's your handwriting?

13 A. Yes.

14 Q. That's what I was asking. You made these
15 notes on --

16 A. Yes.

17 Q. -- the right side of the page? And at the
18 bottom of the page?

19 A. Yes. Mine, as well.

20 Q. All right. So one of these Ys -- are those
21 Ys kind of at the top?

22 A. It's actually a -- I guess just a notation
23 that that number was used on the tax return.

24 Q. So if you go a little further down, there's a
25 grouping of the entries for, "Due from DR Wealth

1 **Advisors and due from Deeproot Continuation Holdings,"**
2 **those are grouped for purposes of the tax returns; is**
3 **that correct?**

4 A. That is correct.

5 **Q. And why are those entries grouped for the tax**
6 **return?**

7 A. Because those are reported under the Deeproot
8 Continuation Holdings, Inc., return so that was a
9 separate entity of which I believe the DR Wealth
10 Advisors was a sub of Deeproot Continuation Holdings.
11 So that actually was shown as a receivable on the
12 Policy Services books.

13 **Q. Got it. All right. A little further down,**
14 **there's a grouping that appears to be for investor**
15 **acquisitions, commissions and fees, and, again,**
16 **investor acquisitions. Why were those grouped?**

17 A. Because those are the invest -- that's the
18 money that came in from the investors, so there was a
19 total of, \$7,067,000 that was received from investor
20 funds. The separate accounts investor acquisitions
21 not ID'd, that 5,000, I didn't know where those came
22 from, and that was something that at a later date,
23 Mr. Hagan or Mr. Mueller or Charlotte was supposed to
24 research and let me know where those came from. The
25 commissions and fees for the 2,000,003 were the

1 commissions that Policy Services effectively earned on
2 those policies, but was not able to collect yet or was
3 not -- yeah, was not able to collect yet -- wait a
4 minute. I'm sorry. That's an asset. So those were
5 commissions that were paid out for the acquisition of
6 those policies, but they were not expensed yet because
7 we were not recognizing the income on those policies,
8 so under the accounting matching principle, those
9 would be expensed when the policy paid off. The 4
10 million -- looks like it's 4,000,690 can't read the
11 number too well -- that was the actual money that was
12 invested into the life insurance policies.

13 **Q. Okay. So the 2,300,000 and change for**
14 **commission and fees, to whom was that paid to your**
15 **knowledge?**

16 A. Those were paid for various things. So they
17 were either commissions to outside people for the
18 purchase of the policy or they were money that was
19 received from investors that was being earmarked to
20 pay future life insurance premiums on those policies.

21 **Q. Got it. So did Policy Services around this**
22 **time, if they got an investor -- let me rephrase.**

23 **Did Policy Services take an advance on moneys**
24 **received from investors?**

25 **MS. WARDEN:** Objection; vague as

1 to "advance."

2 Q. (BY MR. HULINGS) You can answer.

3 A. What do you mean by an advance?

4 Q. So there's -- Policy Services paid for
5 certain expenses, correct?

6 A. So policy Services, when they got money in
7 from an investor, a portion of that money would be
8 used to actually buy the policy. There was also a set
9 aside for future premiums to keep that policy intact
10 for the life expectancy of that person. There were
11 commissions paid to outside, if you want to call them
12 sales representatives, for finding the policy, and
13 that's what's in that account.

14 Q. So the money that was paid in -- so Policy
15 Services paid -- had business expenses, correct?

16 MS. WARDEN: Objection --

17 A. Yes.

18 MS. WARDEN: -- mischaracterizes
19 testimony.

20 MR. HULINGS: Okay. Let me see how I'm
21 going to address that.

22 Q. (BY MR. HULINGS) Policy Services paid rent,
23 correct?

24 A. Yes.

25 Q. Policy Services paid salaries, correct?

1 A. Yes.

2 Q. Where did the money come from to pay, for
3 example, salaries?

4 A. The money basically came from investments
5 that Policy Services made, so they were earning
6 interest on some of their money. Part of it was
7 probably from some of the set aside that came in from
8 the investors that was not needed to pay -- to pay the
9 -- to purchase the premium or purchase the policy or
10 for the remaining premiums. So there was a -- a
11 small, if you want to call it, a profit percentage, I
12 guess, that was used to pay for the day-to-day
13 operations of the company.

14 Q. And that small profit percentage was taken
15 out of the money that investors provided to Policy
16 Services?

17 MS. TULLY: Objection; speculation.

18 A. Part of it was a commission that Policy
19 Services earned, yes.

20 Q. (BY MR. HULINGS) Okay. All right. So let me
21 -- this is relatively important to the case, so let's
22 kind of be specific here. So to your knowledge, when
23 Policy Services took investor money, did Policy
24 Services take a commission out of that investor money?

25 A. I believe they did.

1 MS. WARDEN: Objection; vague.

2 Q. (BY MR. HULINGS) You said you believe that
3 they did?

4 A. Yes.

5 Q. How would that commission be accounted for on
6 a balance sheet?

7 A. It wouldn't be. It should be on the income
8 statement.

9 Q. Okay. Would that be revenue to --

10 A. Yes.

11 Q. -- Policy Services?

12 And then the salary paid out would be an
13 expense?

14 A. That would be correct.

15 Q. So as money comes in, some of the money is
16 used to -- as money comes in from an investor, some of
17 the money is used to pay commissions, some of it is
18 used to pay -- to purchase the life insurance policy,
19 and some small percentage is revenue to Policy
20 Services, correct?

21 A. That was my understanding, yes.

22 Q. And was there anything improper to your
23 knowledge under the accounting rules or the tax laws
24 about treating a portion of those incoming funds as
25 revenue to Policy Services?

1 **MS. WARDEN:** Objection; lack of
2 foundation; asks for a conclusion.

3 **MS. TULLY:** Speculation.

4 **Q. (BY MR. HULINGS)** You can answer.

5 **A.** No.

6 **Q.** So to your knowledge, based on your
7 experience and training, familiarity with the tax laws
8 and accounting principles, there's nothing improper
9 about treating a portion of the money received from
10 investors as revenue to Policy Services; is that
11 correct?

12 **MS. WARDEN:** Same objection.

13 **MS. TULLY:** Objection; speculation.

14 **A.** No. If -- if they earned a commission on
15 each policy that was disclosed, and my understanding
16 was that was disclosed as part of the sales material,
17 then that is the correct accounting treatment under
18 tax law.

19 **Q. (BY MR. HULINGS)** Okay. So on the -- on the
20 left column, you have a series of entries that is due
21 from, for example, DR 3 year growth --

22 **A.** Right.

23 **Q.** Due from DR 3 year bonus reset, for example.
24 And so is it your understanding that each of these
25 entities, DR 3 year bonus reset and DR bonus both,

1 Services was intend -- that is money that Policy
2 Services was going to transfer but had not transferred
3 yet, correct?

4 MS. WARDEN: Objection; vague.

5 A. As of that date, that's correct.

6 Q. (BY MR. HULINGS) And you understood the
7 question?

8 A. Yes.

9 Q. So all of these entries, these draw -- these
10 entries on this balance sheet, were these drawn from
11 the QuickBooks entries?

12 A. Yes.

13 Q. So is it fair to say the Policy Services was
14 tracking the flow of money between the various
15 entities through QuickBooks?

16 A. Yes.

17 MS. WARDEN: Objection; vague as
18 to "tracking."

19 Q. (BY MR. HULINGS) So it was keeping records
20 regarding -- it's fair to say that Policy Services was
21 keeping records of the various transfers of funds
22 between the entities identified in this balance sheet,
23 correct?

24 MS. WARDEN: Same -- same objection.

25 A. As long as they were involved in the

1 transaction, yes.

2 Q. (BY MR. HULINGS) And did each of these
3 separate entities have their own bank accounts?

4 A. I believe they did.

5 Q. So --

6 A. Should have.

7 Q. So -- excuse me. The bank account records
8 would provide another way of tracking the movement of
9 funds between these entities, correct?

10 MS. WARDEN: Objection; foundation.

11 A. Yes, that's correct.

12 Q. (BY MR. HULINGS) And that answer is based on
13 your familiarity with Policy Services business
14 records, the bank statements, and your experience as
15 an accountant; is that fair?

16 A. When we -- when we do the accounting records,
17 they're basically generated off the activity from the
18 bank accounts.

19 Q. So -- so you have some firsthand knowledge of
20 that, there are bank accounts for each of these
21 separate entities?

22 A. Yes.

23 Q. And you have firsthand knowledge of the
24 content of those bank accounts, correct?

25 A. I'd have to look at the records, but yes.

1 Q. No. Talking about contract between the
2 entities. Are you aware of any requirement that
3 required a formal written contract between the
4 entities for these funds to be transferred?

5 A. No.

6 MS. WARDEN: Objection.

7 Q. (BY MR. HULINGS) All right. Okay. Let's go
8 down a little further. You've got fixed assets. Just
9 briefly, what are these?

10 A. So those are the assets that the company
11 owned. They're all under Policy Services. I think
12 most of them are pretty self-explanatory, and the
13 reason they're grouped is on the tax return, we only
14 enter one number.

15 Q. We'll go down a little lower under,
16 "Liabilities and equity." Do you see where we are?

17 A. Yep.

18 Q. It says, "Payable to investors," and Policy
19 Services, it's approximately 7.8 million. Do you see
20 that?

21 A. Yes.

22 Q. What is that payable -- how is that number
23 7.8 million derived?

24 A. That is the amount that was received from the
25 investors.

1 A. Those, I believe, are the actual policies
2 that were purchased.

3 **Q. And, again, these -- was this document**
4 **generated from the QuickBooks record?**

5 A. Yes.

6 **Q. All right. And under the next page, still**
7 **the balance sheet, under, "Liabilities and equity,"**
8 **there's something called "SWEEP." What is "SWEEP"?**

9 A. SWEEP was a account that, I believe,
10 Mr. Mueller set up for money going in and out of the
11 various policies, and those are the policies that were
12 identified.

13 **Q. This was -- the SWEEP account was another --**
14 **was this another way for Policy Services to track the**
15 **flow of money to and from investors?**

16 A. Yes.

17 **MS. WARDEN:** Objection; mischaracterizes
18 testimony and vague.

19 **Q. (BY MR. HULINGS) All right. The next page,**
20 **you've got -- it looks like you've got an insurance**
21 **policy and some names underneath it. What does that**
22 **indicate?**

23 A. So that indicates that on that policy, there
24 were, whatever, 10, 15 investors in that policy.

25 **Q. And on Page 10, Bates number at the bottom is**

1 computer date of 3/10/2015 will be transmitted," and
2 then there's the rest of the sentence, and that is
3 marked through. Why is it marked through?

4 A. Because I cleared the diagnostic.

5 Q. Understood.

6 A. That's just indicating that the computer
7 system used that date as the filing date.

8 Q. Got it. All right. Let's go to Page 6.
9 What is this page right here?

10 A. Okay. So that is the summary of the tax
11 return for 2014 and a comparison to the 2013 return.

12 Q. And how is this generated?

13 A. By the software.

14 Q. What kind of software were you using?

15 A. It's called Lacerte.

16 Q. Could you spell that?

17 A. L-A-C-E-R-T-E.

18 Q. Where did these numbers come from?

19 A. Those are -- well, the numbers above the
20 ordinary business income and loss are all input by me
21 into the system.

22 Q. Where did you get those numbers to input
23 them?

24 A. From the prior document that we looked at
25 where I combined the balance sheet and profit and loss

1 statements.

2 Q. The ultimate source of those are the
3 QuickBooks records for --

4 A. That is correct.

5 MS. WARDEN: Objection; leading.

6 Sorry, Mr. Abramson, if you don't mind,
7 just give me, like --

8 THE WITNESS: No problem. Sorry.

9 MS. WARDEN: -- two seconds before
10 answering.

11 Q. (BY MR. HULINGS) So is the ultimate source of
12 the information that is reflected in this page the
13 QuickBooks documents for Policy Services?

14 A. For Policy Services and the related
15 subsidiaries, yes.

16 Q. Okay. And on Page 8, the document
17 says, "Shareholder's Basis Computation." Do you see
18 this?

19 A. Yes.

20 Q. What is "basis"? What is loss of excessive
21 basis? What does that mean?

22 A. So basis in an S Corporation is the initial
23 contribution that you purchase your stock with, plus
24 any subsequent contributions to the company for
25 capital, plus any profits that the company has, less

1 you already submitted an extension? I want to make
2 sure." Do you see that?

3 A. Yes.

4 Q. Did you understand this is Mr. Mueller
5 telling you that even in April, Ms. Acker hadn't
6 finished completing the QuickBooks?

7 A. Yes.

8 MS. WARDEN: Objection.

9 THE WITNESS: Sorry.

10 Q. (BY MR. HULINGS) So the next paragraph
11 says, "As for my own taxes, I would like to discuss
12 the overages." Mr. Mueller says, "My own taxes," do
13 you understand that to be his personal income tax
14 returns?

15 A. Yes.

16 Q. The next sentence says, "You said it would be
17 a loan, but I'd like to 1099 some of that money out,
18 unless you want to keep it as is. I need to know
19 whether I'll just file my own taxes as-is without the
20 K-1's or file an extension." Okay. It says, you said
21 it would be a loan, so that appears to be referring to
22 a previous conversation. Is that your understanding?

23 A. I don't know what the overages are.

24 Q. Okay. Do you recall a conversation prior to
25 this April 4 e-mail in which you discussed

1 can skip that. All right. So the next question
2 is, "What overages are you referring to? I have not
3 seen any books in about a year." Is that consistent
4 with your memory that you hadn't seen the -- are you
5 -- are you telling Mr. Mueller that you hadn't seen
6 the QuickBooks for Policy Services since completing
7 the March -- since March 2015?

8 A. That is correct. So since the 2014 complete
9 year.

10 Q. All right. So this is -- this kind of gets
11 to the heart of this. I'm going to read this. "If
12 you are referring to distributions in excess of basis
13 within the S-Corp. that would be considered dividends
14 to you for amounts not adjusted through the loan
15 account. The dividends have not deductible to the
16 Corporation but are includable in your individual tax
17 returns." Okay. So let's walk through that sentence.

18 A. Okay.

19 Q. So if -- if there are distributions -- when
20 you're saying -- referring to distributions in excess
21 of basis, what is -- what are you referring to in that
22 sentence?

23 A. So as we discussed basis before, you must
24 have basis in a corporation -- in an S Corporation to
25 be able to take profit distributions. Okay? So

1 distributions and dividends are two completely
2 separate things. Distributions are distributions of
3 previously taxed profits that in this case Policy
4 Services never had. Dividends are dividends similar
5 to what you receive from purchasing stock in a public
6 company, and those are taxable to an individual.

7 **Q. And are they taxable as income or capital**
8 **gains?**

9 A. They are taxable as dividends if -- let's
10 see. Did they have qualified dividends back then? I
11 don't remember when qualified dividends came into
12 play. If they would qualify as qualified dividends,
13 which these would have, they would have been taxed at
14 a 15 percent rate.

15 **Q. So if Mr. Mueller is getting distributions in**
16 **excess of basis, that would be considered dividends --**
17 **so help me understand. Why would that be considered**
18 **dividends to Mr. Mueller?**

19 A. Because he doesn't have basis to distribute a
20 previously taxed item.

21 **Q. And because it's dividend, it would have to**
22 **be --**

23 A. Tax --

24 **Q. -- tax returns; is that right?**

25 A. That would be correct. They would be

1 dividends on his tax return.

2 Q. So the next sentence -- then you say that,
3 but they are includable in your individual tax
4 returns, correct?

5 A. Yes.

6 Q. All right. Next sentence says, "As the sole
7 owner of the corporation, it would be very difficult
8 to substantiate a reason for you to be paid and
9 treated as an independent contractor where a 1099
10 would be issued." Why is that the case, that a sole
11 owner of a corporation can't receive a 1099?

12 A. Because if you're an employee of the company,
13 you can't also be an independent contractor under the
14 Internal Revenue Code.

15 Q. Okay.

16 A. There are some very minor situations where
17 that may apply, but I didn't feel they did in this
18 case.

19 Q. And you were -- were you aware at the time of
20 this e-mail that Policy Services had paid Mr. Mueller
21 a salary?

22 A. Yes.

23 Q. So he was an employee of Policy Services?

24 A. Yes.

25 MS. WARDEN: Objection; leading.

1 Q. (BY MR. HULINGS) And so as an employee of
2 Policy Services, is it your understanding that
3 Mr. Mueller could not take a -- could not file a 1099?

4 A. He shouldn't, yes.

5 Q. All right. So then in red, Mr. Mueller
6 says, "The overages we spoke about in January from the
7 XLSX sheet I sent you. When we talked before you said
8 loans (if you do not have sufficient basis), from the
9 corporation, but did not mention dividends." So
10 Mr. Mueller appears to be referring to a telephone
11 conversation in January of 2016, correct?

12 MS. WARDEN: Objection; leading.

13 A. I believe so.

14 Q. (BY MR. HULINGS) All right. Let me -- let me
15 -- I think that's a baseless objection, but I'm going
16 to rephrase the question to avoid a pointless fight.

17 Did you -- is it your understanding -- do you
18 recall a conversation in January 2016 with Mr. Mueller
19 that he is referring to in this e-mail?

20 A. No.

21 Q. Do you recall receiving a spreadsheet in
22 January 2016 from Mr. Mueller that will be referred to
23 as XL SX?

24 A. I think he means Excel file by that. I don't
25 recall receiving it, but he is referring to it so I

1 may have.

2 Q. All right. So the next -- so he says, "When
3 we talked before you said loans if you do not have
4 sufficient basis from the corporation." What is your
5 understanding of that phrase?

6 A. Well, in other words, he doesn't have basis
7 because Policy Services losses have exceeded money he
8 has put into the company.

9 Q. And so what does that mean -- so if he's
10 received money from the company in excess of his
11 salary or in addition to his salary, does that mean
12 that he can treat that money provided by the company
13 as a loan from the company to Mr. Mueller?

14 MS. TULLY: Objection; speculation.

15 MS. WARDEN: Same objection.

16 A. If there's intent to have it paid back, then
17 yes, it can be a loan. If there's no intent for a
18 repayment, then it should be a dividend.

19 Q. (BY MR. HULINGS) Okay. All right. So he
20 says, "When we talked before -- and it's a in
21 different font, loans if you do not have sufficient
22 basis from the corporation." So does that refresh
23 your memory that you may have told Mr. Mueller that he
24 could treat money received from Policy Services in
25 excess of his paycheck as a loan from the corporation?

1 **MS. WARDEN:** Objection. He said he
2 didn't have a conversation with him.

3 **MR. HULINGS:** That's not what he said.
4 I'm asking for his memory, and if he doesn't remember,
5 that's fine.

6 **Q. (BY MR. HULINGS)** So you can answer the
7 question, Mr. Abramson.

8 **A.** Can you repeat it?

9 **Q.** Yeah. Okay. Mr. Mueller says, "When we
10 talked before." See that?

11 **A.** Yes.

12 **Q.** You testified previously that you didn't
13 remember the conversation; is that right?

14 **A.** Yes. Because I don't know when he's
15 referring to "talked" if that's telephone or e-mail
16 but...

17 **Q.** So he -- he appears to have pasted something
18 in a different font that says, "Loans (if you do not
19 have sufficient basis), from the corporation." Do you
20 recall telling Mr. Mueller that he could treat funds
21 received from the corporation in excess of his salary
22 as a loan if he did not have sufficient basis?

23 **A.** I don't recall that, but it appears that I
24 did.

25 **Q.** Okay. And explain to us again why that would

1 be the case? Why would it be acceptable under the tax
2 laws and the accounting principles for Mr. Mueller to
3 treat funds received from the corporation in excess of
4 his salary as a loan from the corporation?

5 A. So let's say he was taking funds during the
6 year periodically. I don't recall if he was taking
7 salary on a periodic basis or just an annual salary at
8 year-end. He may have taken salary, assuming that
9 there would be basis from income or -- or other
10 sources, that because I hadn't seen the accounting
11 records, I was unaware of. So if he took too much
12 out, he could repay it the following year within a few
13 months, and there's no issue with it from a tax
14 standpoint. If he is taking additional funds with no
15 intent to repay those, then they should be classified
16 as dividends and taxable income.

17 Q. All right. Okay. Let's go up a little
18 further. So you've got an e-mail from you April 5th
19 at 11:12 a.m. Do you see that?

20 A. Yes.

21 Q. Appears to be a response to Mr. Mueller's
22 comments in red, correct?

23 A. Okay.

24 Q. All right. So let's walk through this. "In
25 order to deduct" -- he writes, "In an S-Corporation

1 the concept of basis and equity is as follows: In
2 order to deduct losses from the entity the shareholder
3 must have basis to be able to deduct a loss." Do you
4 see that?

5 A. Yes.

6 Q. And then it says, "Basis is defined as your
7 stock purchase plus additional equity contributions
8 plus net income less net losses less distributions."
9 Do you see that?

10 A. Yes.

11 Q. That's the same definition of basis we just
12 discussed earlier in your deposition, correct?

13 A. Correct.

14 Q. All right. Then you tell Mr. Mueller, "In
15 order to be able to take distributions from an
16 S-Corporation there must be prior or current years
17 undistributed profits." Do you see that?

18 A. Correct.

19 Q. Okay. Next paragraph, "If distributions are
20 made in excess of basis then they are treated like
21 dividends." Do you see that?

22 A. Yes.

23 Q. Meaning that they're -- "The downside to
24 dividends is that they are considered distributions of
25 equity and therefore provide no deduction to the

1 corporation."

2 A. Correct.

3 Q. Explain what you meant by, "No deduction to
4 the corporation."

5 A. Dividends are a distribution of retained
6 earnings so if a dividend is issued, it reduces the
7 retained earnings of the corporation. It is not an
8 expense that reduces income.

9 Q. So if it was paid in salary, that would be
10 deductible as an expense, correct?

11 A. That is correct.

12 MS. WARDEN: Objection; leading.

13 Q. (BY MR. HULINGS) Let me -- if -- if a payment
14 to Mr. Mueller was treated as salary, that would --
15 would that be deductible as an expense to the
16 corporation?

17 A. Yes.

18 Q. All right. The next sentence says, "They are
19 taxable to the shareholders and may be qualified
20 dividends if the stock is owned for at least six
21 months." Do you see that?

22 A. Yes.

23 Q. When you say "they," that's distributions of
24 equity or dividends, correct?

25 A. That is correct.

1 Q. All right. Okay. Then you've got
2 Mr. Mueller's response later that day, April 5th, 9:47
3 a.m.. Mr. Mueller -- do you see this?

4 A. Yes.

5 Q. Okay. This is a little further up, but it's
6 on Page 2 of the document. It says, "Okay, thanks for
7 the explanation. I've owned more than six months so
8 it'll be qualified dividends according to your e-mail.
9 However, the IRS site says," and then he quotes from
10 the IRS site. Do you see that?

11 A. Yes.

12 Q. So then he asks you, "They are qualified
13 dividends or LTCG?" Do you see that?

14 A. Yes.

15 Q. The LTCG means long-term capital gains?

16 A. Yes.

17 Q. All right. And he says, "Most were payments
18 of my AMEX bill, which essentially were a
19 distribution." Do you see that?

20 A. Yes.

21 Q. Does that -- are you familiar with QuickBooks
22 where -- are you familiar with QuickBooks entries of
23 Policy Services that indicate payments from Policy
24 Services to AMEX for a card in the name of
25 Mr. Mueller?

1 A. I don't recall that, but he's bringing it up.

2 Q. And he's saying that these are essentially a
3 distribution. Do you see that?

4 A. Okay.

5 Q. Is that -- that's what the e-mail says, which
6 essentially are a distribution?

7 A. Yes.

8 Q. Okay. Mr. Mueller says, "I am getting more
9 and more confused. Or are they a loan which stays
10 internal pending profits? Which might happen this tax
11 year. Again confused." So this -- how -- whether or
12 not -- the determination of whether or not these --
13 the payments of Mr. Mueller's AMEX bill are a
14 distribution or a loan, that -- does that have any
15 impact on Policy Services' tax returns?

16 A. Not really. But if Policy Services had a
17 profit this year, which he's indicating it might, then
18 it could have been a taxable -- it could have been a
19 distribution of previously taxed income because it
20 would have been taxed in that current year and not
21 taxable to him as a dividend.

22 Q. Okay. Let's explain that. So is that
23 another way of saying that he could treat it as a loan
24 temporarily until they are tax -- until there is
25 profits and then reduce his profits from the loan

1 amount?

2 MS. WARDEN: Objection; leading and
3 vague.

4 Q. (BY MR. HULINGS) So let me -- do you
5 understand that question?

6 A. I'm not sure.

7 Q. Not sure how the taxes work. That's
8 basically it. Trying to get at how do you do this?

9 A. So I think -- I think what you're trying to
10 ask is if there was a profit that created enough
11 income to exceed the prior year losses, then he would
12 have had basis, and he is allowed to take
13 distributions without having to pick them up as
14 taxable income.

15 Q. So how would you treat a loan from the
16 corporation on the year that he had sufficient basis?

17 A. It wouldn't be a loan. It would be a
18 distribution.

19 Q. And so it would be taxed that year when there
20 was sufficient basis?

21 A. So what would happen is the income from the
22 company that year would be taxable to him, his pro
23 rata portion, and then his distribution reduces his
24 basis. So he was at -- if he was at a negative
25 500,000, let's say, and his distributable income was

1 600,000 for the year, he would have had a hundred
2 thousand of basis, which he could distribute up to the
3 hundred thousand without any subsequent tax
4 consequence.

5 Q. Okay. Needless to say, Mr. Mueller, he says
6 several times that he was confused, correct?

7 A. Okay.

8 Q. Well, and -- and you're -- you're giving
9 Mr. Mueller advice on how he should treat payments to
10 him on his personal income taxes?

11 MS. WARDEN: Objection; leading.

12 Q. (BY MR. HULINGS) Are you giving him advice --
13 let me rephrase it. We asked this two different ways.
14 Okay? Mr. Mueller is asking -- is it correct to say
15 Mr. Mueller is asking for your advice as to how he
16 should treat payments from Policy Services to him on
17 his personal income tax returns?

18 MS. WARDEN: Same objection.

19 A. I would say no. I think he's asking -- I --
20 I think the confusion is coming in in the terminology
21 of distributions and dividends, and because we didn't
22 have the accounting knowledge at this time that we're
23 having this discussion on what the profitability or
24 loss for Policy Services was, I'm trying to explain to
25 him how the different situations are handled from a

1 some fairly complex issues here, and I think we have
2 different definitions of what counts as leading,
3 particularly with a third-party witness that has
4 signed a declaration requested by the SEC so as far as
5 I'm concerned, I'm considering this witness hostile
6 enough that I can ask any questions. It's not a --
7 that's a legal term. It's not a reflection on you,
8 Mr. Abramson.

9 A. Understood.

10 MR. HULINGS: For the record, I don't
11 think any of these questions are actually leading, and
12 I think I'm entitled to lead, but to avoid unnecessary
13 pointless and --

14 MS. WARDEN: I disagree for the record.
15 (Speaking simultaneously.)

16 MR. HULINGS: -- I will ask questions.

17 Q. (BY MR. HULINGS) There may be a lot of
18 different versions of these questions, Mr. Abramson,
19 just to avoid these baseless objections so bear with
20 me.

21 A. Okay.

22 Q. All right. Let's go up one more. So we've
23 got an e-mail from you, Mr. Mueller dated April 5th,
24 2016, at 3:08 p.m. See that?

25 A. Yes.

1 Q. This is a response to the previous e-mail we
2 just discussed; is that right?

3 A. Correct.

4 Q. The first paragraph you said that, "A
5 qualified dividend is treated the same as a long-term
6 capital gain and then it's taxed at 15 to 20 percent
7 depending on your income level?"

8 A. Correct.

9 Q. All right. Next paragraph says, "If you
10 treat these as loans, they are not currently taxable
11 as they would be considered loans to you from the
12 corporation. In years that there are profits (and you
13 have positive basis), you can then treat the loans as
14 distributions of income and not pay tax a second time
15 on the funds."

16 A. Okay.

17 Q. So is that -- do you standby that description
18 of how Mr. Mueller could treat payments from Policy
19 Services to him or for his -- for his -- or for --

20 MS. WARDEN: Objection -- sorry.

21 MR. HULINGS: I didn't hear the
22 objection.

23 MS. WARDEN: My objection is vague as
24 to "standby."

25 Q. (BY MR. HULINGS) You understand what I mean

1 by "standby"?

2 A. Are you saying that do I agree that that's
3 something I'm asking?

4 Q. No, no. Let me rephrase. All right. So
5 this -- this second paragraph of this e-mail that
6 starts with, "If you treat these as loans" --

7 A. Yes.

8 Q. Do you consider that paragraph to be an
9 accurate statement of the tax laws in general
10 accounting principles?

11 A. Yes.

12 Q. Okay. And so they're -- are you telling
13 Mr. Mueller that he can treat payments from Policy
14 Services for his personal AMEX bill as a loan in that
15 current tax year?

16 MS. TULLY: Objection; mischaracterizes
17 the evidence; speculation.

18 MS. WARDEN: Same objection. The e-mail
19 speaks for itself.

20 Q. (BY MR. HULINGS) You can answer.

21 A. I'm sorry. Just restate it again.

22 Q. All right. No, you know what, let's -- so
23 let me ask -- let me ask it this way. To your
24 knowledge, was there anything improper under the tax
25 laws and accounting principles by Mr. Mueller treating

1 **payments by Policy Services of his American Express**
2 **bill as a loan from Policy Services in tax year 2015?**

3 **MS. WARDEN:** Objection; asks for a legal
4 conclusion; vague.

5 **MS. TULLY:** Same objections.

6 A. My opinion, no.

7 **Q. (BY MR. HULINGS) Is it in your experience**
8 **common for sole owners of LLCs or S-Corp.'s to take**
9 **loans from those entities?**

10 **MS. TULLY:** Objection; speculation;
11 vague as to "common."

12 **MS. WARDEN:** Same objection.

13 A. Yes, it occurs.

14 **Q. (BY MR. HULINGS) Is there anything -- does it**
15 **violate accounting principles for an owner of a**
16 **company to take a loan from his company?**

17 **MS. TULLY:** Objection; speculation;
18 incomplete hypothetical.

19 A. As long as it's documented and interest is
20 paid on the loan and the loan has terms for repayment,
21 no.

22 **Q. (BY MR. HULINGS) All right. Okay. A little**
23 **further up, you've got -- let me actually stop on**
24 **that. When it says, "As long as the loan is**
25 **documented," to comply with accounting principles, how**

1 as loans they are not currently taxable." Do you see
2 that?

3 A. Yes.

4 Q. Did you ever tell Mr. Mueller that if he
5 treats these payments as loans, he is required to
6 prepare a note?

7 A. I don't know that loans ever occurred while I
8 was working on the account, so, no, I probably did
9 not.

10 Q. So to clarify, you don't recall ever telling
11 Mr. Mueller that a note was required for a loan?

12 MS. WARDEN: Objection; asked and
13 answered.

14 A. No. Because to the best of my knowledge,
15 there was never a loan in place.

16 Q. (BY MR. HULINGS) Okay. So let's go a little
17 further. April 5th, 2016, an e-mail from Mr. Mueller
18 to you at 1:15 p.m. Do you see that?

19 A. Yes.

20 Q. And obviously there are different time zones
21 here, so we don't know how -- I mean, we don't know --
22 the -- the e-mails don't reflect the time zone so --

23 A. That's okay.

24 Q. All right. So Mr. Mueller then says, "Can we
25 treat 176,930 as long-term capital gains and the rest

1 as loans. Which would be easiest?" Do you see that?

2 A. Yes.

3 Q. And then you respond. "We can treat it as
4 such when the returns are prepared." What is your
5 understanding of what you meant when you said "as
6 such"?

7 A. In other words, he wants to take 176 plus as
8 dividends and the rest as loans.

9 Q. What you're telling him -- what you're
10 telling him is that he can treat it as long term
11 capital gains and the rest as loans when the returns
12 are prepared; is that a fair summary?

13 MS. WARDEN: Objection; mischaracterizes
14 the evidence and leading.

15 A. Yes.

16 Q. (BY MR. HULINGS) Okay. All right. And it
17 says -- next sentence says, "There should have been a
18 1099-div issued to you from the dividends, which is
19 due to the IRS February 29, 2016." Do you see that?

20 A. Yes.

21 Q. But then you say, "Since it is not deductible
22 and you are reporting the income I don't see a big
23 issue with it, but that is what should have happened."
24 See that?

25 A. Yes.

1 **accounting and tax preparation services to Mr. Mueller**
2 **and his affiliated companies?**

3 A. Well, partly because with their split, I knew
4 I need to spend the time on Mr. Hagan's, along with
5 other new clients that I picked up during that tax
6 period. So I just didn't have the time to handle
7 Mr. Mueller's.

8 **Q. And were there -- is that the only reason or**
9 **any other reasons?**

10 **MS. WARDEN:** Objection; leading.

11 A. Well -- well, with -- with the split, I
12 didn't want -- I felt it was a conflict to do both.

13 **Q. (BY MR. HULINGS) Was there anything in -- did**
14 **you discontinue working with Mr. Mueller because you**
15 **thought he was doing anything improper?**

16 A. No.

17 **MS. WARDEN:** Objection; leading.

18 A. No.

19 **Q. (BY MR. HULINGS) Okay. Let me try to think**
20 **how I can rephrase that question to make it less**
21 **leading. I don't think it was leading. How about --**
22 **well, I think you've answered it. I think we're fine.**

23 Just to clear it up for the record, did you
24 discontinue working with Mr. Mueller because you
25 thought he was doing anything improper?

1 A. No.

2 Q. All right. After -- a little further on, you
3 say, "We wish to remind you that your 2015 federal
4 corporate income tax returns are due by September 15,
5 2016." That's in the second-to-last paragraph of the
6 letter. Do you see that?

7 A. Correct.

8 Q. That basically gives Mr. Mueller two months
9 to find a new CPA; is that about right?

10 A. Correct.

11 Q. Is that enough time in your experience to --
12 for a new CPA to review documents and prepare returns?

13 MS. WARDEN: Objection; vague.

14 A. I don't know. I've taken on new clients with
15 shorter periods than that.

16 Q. (BY MR. HULINGS) So in your experience, you
17 think you could have prepared a tax return in the two
18 months that you were giving a client in this case?

19 MS. WARDEN: Objection; speculative.

20 A. Depending on when the records came in, yes.

21 Q. (BY MR. HULINGS) All right.

22 A. At this time I don't think the records were
23 available.

24 Q. Did you have any -- are you aware of who
25 Mr. Mueller retained?

1 A. When you say taking revenue funds, what do
2 you mean by that?

3 Q. Let me ask it another way. Did you ever tell
4 Mr. Mueller that he could not treat for accounting
5 purposes money provided by investors as revenue Policy
6 Services?

7 A. No.

8 Q. In your opinion -- well, you filed the tax
9 returns for those years, correct?

10 A. Correct.

11 Q. Would you have -- if there was something
12 inappropriate, illegal, or contrary to accounting
13 principles in -- in that practice of treating account
14 -- some of the money provided by investors as revenue
15 to Policy Services, would you have filed the tax
16 return as it was written?

17 MS. WARDEN: Objection; vague; compound;
18 speculative; asks for a legal conclusion.

19 Q. (BY MR. HULINGS) So let me see if I can
20 address that objection. It doesn't ask for a legal
21 conclusion because it just asks you whether you would
22 have filed something. It's not compound, but let me
23 ask it this way: When you file the tax return for
24 Policy Services, was there anything -- was there any
25 -- when you filed the tax returns for Policy Services,

1 was there any information included on that tax return
2 that you thought was inaccurate?

3 A. No.

4 Q. Was there any information that you thought
5 did not comply with accounting principles?

6 A. No.

7 Q. Is it part of your job to make sure that the
8 tax returns filed by Policy Services complied with the
9 tax laws?

10 A. Yes.

11 Q. Is it part of your job to ensure that the tax
12 returns filed by Policy Services complied with
13 generally accepted accounting principles?

14 A. No.

15 Q. Was it your job to advise the client about
16 generally accepted accounting principles when
17 appropriate for purposes of preparing tax returns?

18 A. Well, in preparing tax returns, they were
19 filed, I believe, on the cash basis of accounting,
20 which is not generally accepted accounting principles
21 so --

22 Q. All right.

23 A. -- based on your question, I would say no.

24 Q. Thank you -- thank you for the clarification.

25 A. Sure.

1 Q. But if there was -- if you identify
2 information in Policy Services books and records that
3 you thought was not reasonable, it was your practice
4 to inform your clients of that fact; is that right?

5 MS. WARDEN: Objection; vague as to
6 reasonable; speculative.

7 Q. (BY MR. HULINGS) You used the word reasonable
8 earlier in your testimony, correct?

9 A. Yes.

10 Q. So you understand what I -- what I am
11 referring to when I -- I say that you -- you
12 considered it part of your professional obligations to
13 inform your clients when there was something in their
14 books and records that you considered to not be
15 reasonable?

16 A. Correct.

17 Q. And in the -- in preparing Policy Services
18 tax returns, you, on occasion, informed Mr. Mueller
19 and Mr. Hagan and Ms. Acker of certain entries that
20 you considered to not be reasonable?

21 A. Correct.

22 Q. And to your memory, did they ever refuse to
23 accept your advice?

24 A. Not that I remember.

25 MR. HULINGS: All right. I'm going to

1 A. I don't remember if they ended up cashing out
2 the policy to provide funds to -- for the refund or
3 whether they used funds from either other funds that
4 they were holding to pay future premiums or other
5 investors' money. I don't know where the funds came
6 from.

7 Q. So one of the possibilities is that -- so let
8 me put it this way: When investor invests funds in
9 Policy Services, those funds aren't escrowed in a
10 separate bank account?

11 A. No.

12 Q. Those funds are combined with the funds of
13 other investors and then spent in ways we've
14 discussed --

15 MS. WARDEN: Objection -- sorry.

16 MS. TULLY: Objection; speculation.

17 MS. WARDEN: And objection; misstates
18 testimony.

19 Q. (BY MS. WARDEN) It's just a question. Does
20 it -- when investor -- when an investor deposits money
21 into Policy Services, it doesn't -- it's not escrowed
22 into a particular bank account?

23 A. No. It's effectively put into a pool of
24 funds.

25 Q. With other investor funds?

1 A. Yes.

2 Q. And that money is, in your experience in
3 working with Policy Services and reviewing the
4 QuickBooks records and other documents, that money is
5 spent in various ways that we've discussed today?

6 A. Yes.

7 Q. So you ever hear the phrase money is
8 fungible?

9 A. As long as they are tracking how much is due
10 to each investor, which they were, yes.

11 Q. So would there be anything that violates the
12 -- it would be -- so these -- the funds who -- the
13 payment to the investor that asks for their money back
14 could have been made from new investor funds, correct?

15 MS. WARDEN: Objection; speculative;
16 vague.

17 A. In other words, a new investor could have
18 effectively purchased the policy that the exiting
19 investor was invested in.

20 Q. (BY MR. HULINGS) Could Policy Services have
21 made a payment from a bank account where other
22 investor money was pooled to repay that investment and
23 -- and be compliant with accounting standards?

24 MS. WARDEN: Objection; speculative;
25 vague.

1 A. Yes.

2 Q. (BY MR. HULINGS) So when you learned that
3 Policy Services had returned that investor's
4 investment, did you tell Mr. Mueller or Mr. Hagan that
5 they were doing anything wrong?

6 A. No.

7 Q. And you mentioned earlier that none of these
8 policies matured during the time that you were working
9 with Policy Services, correct?

10 A. That's my recollection, yes.

11 Q. So that leaves, as the source of the funds to
12 repay this investor, funds from new investors,
13 correct?

14 MS. WARDEN: Objection; misstates
15 testimony.

16 MS. TULLY: Speculation.

17 MS. WARDEN: Leading.

18 Q. (BY MR. HULINGS) What other possible source
19 of funds could have been used to repay this investor
20 if none of the policies had matured, other than new
21 investor funds?

22 MS. TULLY: Objection; speculation.

23 A. Well, part of the funds that were pooled from
24 prior investors were being maintained by Policy
25 Services for future expenses. It could have come out

1 of that pool. It could have -- they could have sold
2 the policy that the investor was invested in. I -- I
3 don't recollect whether that was done or not. Or it
4 came from money that other investors placed with the
5 company.

6 **Q. (BY MR. HULINGS) Okay.**

7 A. I mean, those were the only three sources of
8 funds from -- for anything.

9 **Q. And you didn't tell Mr. Mueller or Mr. Hagan**
10 **that there was anything inappropriate when using any**
11 **one of those three sources of funds to repay this**
12 **investor?**

13 A. No.

14 **Q. All right. Okay. You mentioned earlier that**
15 **you didn't verify the data that related to the**
16 **expenses in the Deeproot QuickBooks entries; is that**
17 **right?**

18 A. Right.

19 **Q. When you say "verify," what do you mean by**
20 **that?**

21 A. So if you're doing an audit or a review of
22 the books, you are applying some kind of statistical
23 or sampling or actual inspection of records, looking
24 at contracts, looking at various documents to -- to
25 make sure that the transactions are accurate. All I

IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF TEXAS
SAN ANTONIO DIVISION

SECURITIES AND EXCHANGE)
COMMISSION,)

Plaintiff,)

-against-)

ROBERT J. MUELLER,)
DEEPROOT FUNDS, LLC)
(a/k/a dprt Funds,)
LLC), AND POLICY)
SERVICES, INC.,)

Defendants.)

-and-)

CIVIL ACTION NO.
5:21-cv-785-XR

DEEPROOT TECH LLC,)
DEEPROOT PINBALL LLC,)
DEEPROOT STUDIOS LLC,)
DEEPROOT SPORTS &)
ENTERTAINMENT LLC,)
DEEPROOT RE 12621)
SILICON DR LLC, AND)
ROBERT J. MUELLER,)
JEFFREY L. MUELLER, AND)
BELINDA G. BREEN, AS)
CO-TRUSTEES OF THE MB)
HALE OHANA REVOCABLE)
TRUST,)

Relief Defendants.)

THE STATE OF TEXAS :
COUNTY OF HARRIS :

I, HEATHER L. GARZA, a Certified Shorthand
Reporter in and for the State of Texas, do hereby
certify that the facts as stated by me in the caption

1 hereto are true; that the above and foregoing answers
2 of the witness, KEN ABRAMSON, to the interrogatories
3 as indicated were made before me by the said witness
4 after being first remotely duly sworn to testify the
5 truth, and same were reduced to typewriting under my
6 direction; that the above and foregoing deposition as
7 set forth in typewriting is a full, true, and correct
8 transcript of the proceedings had at the time of
9 taking of said deposition.

10
11 I further certify that I am not, in any
12 capacity, a regular employee of the party in whose
13 behalf this deposition is taken, nor in the regular
14 employ of his attorney; and I certify that I am not
15 interested in the cause, nor of kin or counsel to
16 either of the parties;

17
18 That the amount of time used by each party at
19 the deposition is as follows:

20 MR. HULINGS - 03:50:19

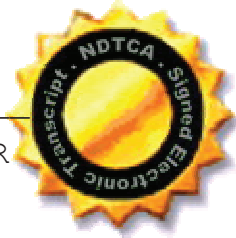
MS. TULLY - 00:00:00

21 MS. WARDEN - 00:21:37

22
23 GIVEN UNDER MY HAND AND SEAL OF OFFICE, on
24 this, the 6TH day of JULY, 2023.
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HEATHER L. GARZA, CSR, RPR, CRR



Certification No.: 8262

Expiration Date: 04-30-24

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